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DOCTORAL DISSERTATION SUMMARY

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## INTERNAL SERVICE QUALITY IN HOTEL INDUSTRY – CONCEPTUALIZATION AND MEASUREMENT

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### SUMMARY

#### Purpose

In the conditions of global competition, companies are forced to grow and develop, and to maintain their competitive advantage by continuously innovating and delivering value to consumers superior to the competition, whereby the quality of services has a key role. The hospitality industry is different from other similar industries in the area of providing customer service. To provide high quality service, the hotel primarily must have skilled, motivated, and satisfied staff. The knowledge of how to lead employees in the best possible way, how to motivate them, guide them, educate them and achieve the best results to the mutual satisfaction, is best accomplished by applying marketing activities within the company, i.e. internal market orientation. Furthermore, hotels must encourage employees to embrace certain behaviors that go beyond their regular job functions, such as helping customers resolve problems, cooperating with colleagues, preventing unexpected incidents, and paying extra attention to organization. In other words, hotel employees should not only do their jobs but they should also go above and beyond their own obligations towards the hotel and others. This self-initiated and positive employee behavior is called organizational citizenship behavior (OCB). In the literature, there is a lack of theoretical and empirical research and results, which explore the relationship between internal service quality, internal marketing and organizational citizenship behavior.

This is precisely the reason why this dissertation systematically analyzes and deals with relevant theoretical notions based on the sources from national and international scientific literature, concerning internal service quality in the hospitality industry, and provides an elaborate overview and analysis of the obtained preliminary results and notions based on the conducted empirical research. Based on the results obtained here, a standardized and coherent model was developed and tested, which makes it possible for the impact that internal market orientation and organizational citizenship behavior have on the achievement of internal service quality in the hospitality industry to be measured. The aim was to determine the relationship between internal service quality and the concepts of internal market orientation and organizational citizenship behavior, furthermore, to analyze the difference in the respondents' (hotel employees') perception of the internal service quality, organizational citizenship behavior and internal market orientation in relation to the chosen demographic characteristics, to analyze cause-and-effect relationship of the observed concepts, to test the validity and reliability of the imported measuring instrument and finally to provide guidelines for the application of the conceptual model and the results in practice.

By conducting conceptual and empirical research and by applying statistical methods of data analysis, all the set aims and all the set hypotheses have been achieved. The results of this research support the suggested model of achieving internal service quality in the hotel industry and confirm the main scientific hypothesis of this dissertation that *there is a positive relationship between internal market orientation, organizational citizenship behavior and internal service quality in the hospitality industry*

### **Methodology**

To achieve the set objectives of this dissertation, the first part of this study lists a literature review, which defines dimensions of internal market orientation and organizational citizenship behavior that influence internal service quality. To obtain the information from the employees in the hotel industry, a questionnaire was designed and conducted in hotels in Dubrovnik. When creating the questionnaire, the same measuring instruments that were applied in the foreign research were used here. The entire questionnaire comprises of four parts: internal service quality (1), internal market orientation (2), organizational citizenship behavior (3) and demographic information (4).

An adapted SERVQUAL instrument was used (*Internal marketing and service quality in restaurants* (Akroush and associates 2013)), to measure the *internal service quality*, which evaluates four dimensions: reliability, assurance, empathy and responsiveness with a total of 15 attributes of the service quality.

Previous studies point out that the success of internal service quality depends on the successful application of internal marketing within a company and its activities. This is the best way to offer quality to employees, that they will in return transfer to customers. The job performed by a satisfied employee raises the level of productivity of the hotel company, which contributes to the company's competitiveness. Employees should constantly be encouraged to perform high-quality work. This is possible only if the goals set by the company are clearly stated to the employees, if business processes and their role in these processes are clearly defined, and if feedback on the results is enabled (how

good or bad something is done). This is possible with the application of internal marketing activities, i.e. internal market orientation, which guarantees continuous training of employees and improvement of internal service quality.

In this dissertation, *internal market orientation* is observed through three dimensions suggested by Ruizalba, Bermudez – Gonzalez, Rodriguez Molina and Blanca (2014) who studied hotel service in Spain. The first dimension (generation of internal market intelligence), is composed of two different factors: value exchange between company and employees, and internal segmentation; the second dimension (exchange of internal market intelligence), and the third dimension (response to internal market intelligence) comprises three factors: training of employees, management concern and work-family balance.

Furthermore, successful application of internal market orientation not only increases job satisfaction and organizational commitment but also results in voluntary behavior in the workplace. When employees are authorized to take on responsibilities for certain jobs, to make decisions and improve business processes, they feel more involved and want to improve their job performance. The application of organizational citizenship behavior contributes to achieving the service quality both in internal and external market. The *organizational citizenship behavior (OCB)* construct was adapted from the example of the questionnaire published in the work *The impacts of perceived organizational support and psychological empowerment on job performance: The mediating effects of organizational citizenship behaviour* (Chiang and Hsieh 2012). The scale consists of 22 particles that describe five dimensions of OCB (altruism, conscientiousness, courtesy, civic virtue, and sportsmanship). Particles 14-19 were recoded for the purposes of further analysis, according to theoretical instructions of the author of the measuring instrument.

The data collected in the fourth part are *demographic information* such as: age, sex, marital status, hotel size, hotel category, the department in which the employee works, job position and the department inside the company, employment status (part-time or full-time), time spent in the company, qualifications and education. To compile a list of demographic information, sources from the research conducted by Islam and Ismail (2008) in *Employee Motivation: a Malaysian Perspective*, were used. In this research, data about the size of the hotel was added – the number of rooms (big/small), and job position in the hotel. To make sure the respondents would participate and respond to the questionnaire, the introductory part of the questionnaire explained that the questionnaire is anonymous, i.e. how the data will be used.

The questionnaire entailed five-point Likert scale, ranging from 1 (I strongly disagree) to 5 (I strongly agree). A pilot study was conducted in June 2017 on a representative sample. The respondents successfully completed the survey, and in the main research, only minor changes were related to the place, i.e. the location and age and sex. The main research was conducted in eight hotels, in the period between July and September 2017. The survey is based on 201 correctly filled in questionnaires. To obtain the best quality of the information from the gathered data, three levels of statistical analysis were used: univariate, bivariate and multivariate statistical analysis.

## Findings

The results of descriptive statistical analysis show that hotel employees gave relatively high grades to the perceived internal service quality. They gave slightly lower average grades to organizational citizenship behavior, whereas the lowest grades were given to the application of internal market orientation in the hotel. Correlation analysis was conducted with the goal of determining the relationship between the constructs of application and measurement of internal service quality in the hotel. Statistically significant relationship exists between *internal service quality* and *internal market orientation* ( $r=0,709$ ), whereas the relationship between *internal service quality* and *organizational citizenship behavior* is weaker with the coefficient of  $r=0,457$  and with the coefficient of  $r=0,355$  between *internal market orientation* and *organizational citizenship behavior*. By applying the method of multiple regression the relationship between internal service quality and the concepts of internal market orientation and organizational citizenship behavior was confirmed. To show the possibility of statistically significant differences between the constructs regarding demographic characteristics, Kruskal Wallis and Mann Whitney U tests were used. The results of the analysis show that there are no statistically significant differences regarding: sex, age and the area of education, whereas marital status and the level of education of the hotel employees affect the rating of the “internal service quality” concept.

It is also necessary to point out that there are certain limitations to this research. This research, as most marketing research studies are, is conducted over a certain period of time, in this case at the peak of the tourist season, and the survey among the hotel employees during a longer period (pre-season and post-season) would contribute to a greater reliability of the results. A certain limitation is also the size of the sample and its structure, and to generalize the results better, the research should be conducted in other tourist destinations in Croatia as well. Furthermore, possible incomprehension of the questions might represent a possible weakness of the conducted research.

## Originality of the research

Despite all that, the mentioned limitations do not diminish the contribution of the results in the theoretical, methodological and applicability sense.

In the theoretical sense, determining key components for the internal service quality in the hospitality industry is scientifically founded. Extensive research on relevant scientific literature resulted in systematic review of the development of the following concepts: internal service quality, internal market orientation and organizational citizenship behavior in the hospitality industry. A conceptual model was also formed, which determines interdependence between internal service quality, internal market orientation and organizational citizenship behavior in the hospitality industry. Scientific contribution is also visible in proving that internal quality is a multidimensional concept in the hospitality industry.

In the methodological sense, the scientific contribution is found in the adaptation of measuring instruments, which verified the basic metric characteristics and determined the specificity of the sample of respondents. The elements of internal service quality with which the employees are most satisfied are highlighted, and those with which they are least satisfied. The same was done for the elements of organizational citizenship behavior and internal market orientation. Furthermore, the scientific contribution is visible in the examining of work/family balance toward organizational citizenship behavior and internal service quality. Some statistically significant differences were determined in the aspects of internal service quality, internal market orientation and organizational citizenship behavior in relation to most independent variables used in the research. Previous research of internal service quality in the hotel business has rarely been observed in relation with internal market orientation and organizational citizenship behavior, especially in the context of Croatian hotel industry.

In the applicability sense, new notions regarding the importance of the application of internal marketing activities, i.e. internal market orientation and organizational citizenship behavior with the aim of achieving internal service quality in a hotel organization, can help the hotel management to achieve business goals to the satisfaction of all the participants in the business processes.

**Keywords** internal service quality, internal marketing, internal marketing orientation, organizational citizenship behaviour, hospitality industry.

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